

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC
TO AMEMBASSY WARSAW
INFO AMEMBASSY TAIPEI
AMEMBASSY SEOUL
AMEMBASSY BUDAPEST
AMEMBASSY BUCHAREST
AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: ETRD, PL

SUBJECT: FOOTWEAR CONSULTATIONS WITH POLISH OFFICIALS

1. ON MAY 20, STEPHEN LANDE OF STR AND REPRESENTATIVES
FROM OTHER AGENCIES MET WITH A GROUP OF POLISH GOVERNMENT
OFFICIALS LED BY VICE MINISTER OF FOREIGN TRADE PRUCHNIEWICZ
AND VICE MINISTER OF LIGHT INDUSTRY SZYMCZAK, TO CONSULT
ON FOOTWEAR. LANDE BEGAN THE CONSULTATIONS BY DESCRIBING
THE ORDERLY MARKETING AGREEMENTS (OMAS) THAT HAD BEEN
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NEGOTIATED AD REFERENDUM WITH THE GOVERNMENTS OF THE
REPUBLICS OF CHINA AND KOREA. HE NOTED THAT BOTH COUNTRIES
HAD AGREED TO ROLLBACKS OF ROUGHLY 20 FROM 1976 U.S.
IMPORTS OF THEIR FOOTWEAR AND THE LIMITED GROWTH THEY WOULD
HAVE OVER THE FOUR-YEAR LIFE OF THE AGREEMENTS. LANDE
EXPLAINED THAT ONE OF THE CONDITIONS OF THE AGREEMENTS
WAS AN "EQUITY" CLAUSE WHICH PROVIDED THAT THE REPUBLICS

OF CHINA AND KOREA WOULD NOT BE DISADVANTAGED FROM IMPORTS FROM OTHER MAJOR PRODUCING COUNTRIES. HE ADDED THAT THE

U.S. HOPED THAT THE MARGINS PROVIDED BY THE REDUCTION OF TAIWANESE AND KOREAN IMPORTS WOULD REBOUND TO THE BENEFIT OF THE U.S. INDUSTRY. HE CONCLUDED THAT IF IMPORTS FROM OTHER MAJOR EXPORTERS SHOULD JEOPARDIZE THE EFFECTIVENESS OF THE AGREEMENTS, THE U.S. HAS THE UNILATERAL RIGHT TO

LIMIT IMPORTS FROM COUNTRIES CREATING THE DIFFICULTIES.

2. DURING HIS OPENING REMARKS, LANDE ALSO NOTED THAT POLAND IS BETTER OFF UNDER THE PRESIDENT'S DECISION REJECTING THE USITC RECOMMENDED TARIFF RATE QUOTA IN FAVOR OF OMAS WITH APPROPRIATE SUPPLYING COUNTRIES. UNDER THE USITC RECOMMENDATION IMPORTS FROM POLAND IN EXCESS OF 1.677 MILLION PAIRS WOULD HAVE BEEN SUBJECT TO A 40 AD VALOREM RATE FOR THREE YEARS, 30 IN THE FOURTH YEAR AND 20 IN THE FIFTH YEAR.

3. SZYMCZAK RESPONDED THAT THE POLES HAD TWO CATEGORIES OF SHOES THEY EXPECTED TO EXPORT TO THE U.S.--TYPES TRADITIONALLY SHIPPED TO THE U.S. AND HIGHER QUALITY SHOES THAT WOULD BE EXPORTED IN ACCORDANCE WITH THE AGREEMENT WITH KATY INDUSTRIES. THE TRADITIONAL EXPORTS WOULD REMAIN AT 4.7 MILLION PAIR WHILE THE HIGHER QUALITY SHOES WOULD INCREASE. ACCORDING TO SZYMACZAK, OVERALL EXPORTS WOULD RISE FROM 5 MILLION PAIR IN 1976 TO 7 MILLION PAIR IN 1977 AND STABILIZE AT 8 MILLION PAIR LIMITED OFFICIAL USE

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FROM 1978 THROUGH 1980. THE POLES FELT THAT PURCHASES BY POLAND OF U.S. MACHINERY AND MATERIALS SHOULD OFFSET U.S. CONCERN OVER INCREASED EXPORTS OF FOOTWEAR FROM POLAND. SZYMACZAK ALSO CLAIMED THAT THE U.S. DOES NOT PRODUCE FOOTWEAR OF PIGSKIN WHICH IS A TYPE EXPORTED FROM POLAND.

4. LANDE RESPONDED BY RE-EMPHASIZING THE SERIOUS ROLL-BACK THAT KOREA AND TAIWAN WERE ACCEPTING AS WELL AS PARTICULAR RESTRICTIONS ON LEATHER FOOTWEAR, THE TYPE POLAND WAS PLANNING TO EXPORT TO THE U.S. HE SAID THAT A DISTINCTION COULD NOT BE MADE BETWEEN "TRADITIONAL" AND "NEW CONTRACT" SHIPMENTS. ALL IMPORTS WOULD BE UNDER SURVEILLANCE. LANDE NOTED THAT WHILE WE GREATLY

APPRECIATE THE BENEFITS OF TRADE WITH POLAND, TAIWAN AND KOREA AS WELL AS POLAND BUY AMERICAN MATERIAL, MACHINERY AND "KNOW HOW" AND THEY NEVERTHELESS ARE SUBJECT TO OMA RESTRICTIONS. IT WAS ALSO POINTED OUT THAT U.S. MANUFACTURERS PRODUCE PIGSKIN FOOTWEAR. LANDE SAID THAT

FOR THE ABOVE REASONS HE WAS NOT IN A POSITION TO GIVE ASSURANCES THAT THE U.S. WOULD NOT REACT TO THE EXPORT INCREASES PROJECTED BY SZYMEZAK AND PARTICULARLY THE MARKED RISE INTENDED BETWEEN 1976 AND 1977.

5. THE POLES CONCLUDED BY EXPRESSING APPRECIATION FOR THE INFORMATION PROVIDED WHICH MADE THEM SENSITIVE TO U.S. CONCERNS AND SAID THEY WILL TAKE CARE OF THEIR EXPORT

SALES IN A PROPER MANNER AND HOPED THE U.S. WOULD NOT HAVE TO SEEK AN AGREEMENT WITH THEM. VANCE

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